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4 SEM TDC SAPM 4 (Sp)

2 0 1 5

(May)

COMMERCE

(Speciality)

Course : 404

(Security Analysis and Portfolio Management)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. What do you mean by the following (answer
in one sentence)? 1×8=8

- (a) Valuation of assets
- (b) Efficiency frontier
- (c) Market risk
- (d) Risk adjustment
- (e) Future

- (f) Systematic return
- (g) Diversification
- (h) Options

2. Write short notes on the following : $4 \times 4 = 16$

- (a) Nature of option
- (b) Arbitrage
- (c) Portfolio management
- (d) Convertible securities

3. (a) What do you mean by unsystematic risk? What are its sources? How can it be managed? Detail out with examples.

$2+2+7=11$

Or

- (b) Discuss different measures to analyze the fundamental and technical factors in investment decisions.

$5+6=11$

4. (a) Write a detailed note on traditional portfolio analysis.

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Or

- (b) Write a detailed note on Markowitz model.

5. (a) Discuss the assumptions of CAPM model. Do you think that it is acceptable in Indian context? Justify your argument with examples. $4+7=11$

Or

- (b) Discuss the limitations of factor models. In what way two-factor model is better than one-factor model? Justify. $5+6=11$

6. Write notes on any *two* of the following :

$6 \times 2 = 12$

- (a) Sharpe model
- (b) Treynor model
- (c) Jensen model
- (d) Stock selection

7. (a) Calculate the fair price of a 3-month (91 days) call and put option with exercise price of 120 for a stock quoting at ₹ 100. Assume interest rate of 10% and SD of 0.8. 11

Or

- (b) Stock PQR is currently priced at ₹ 1,000. A put option with exercise price of ₹ 980 is available for ₹ 42. What are intrinsic value and time value?

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